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The following estimates, forecasts, and projections are mainly taken from recent publications of the National Agricultural Statistics Service, Economic Research Service, and the World Agricultural Outlook Board of the U.S. Department of Agriculture.

◆**Corn.** The October forecast for 1997 production is 9.31 billion bushels, up fractionally from both September's forecast and from the 1996 output. Market year prices are expected to average between \$2.55 and \$2.95 per bushel, compared with \$2.70 for the 1996 crop. World output is expected to be 3% below last year, and global ending stocks are projected to be 25% below the previous year. U.S. stocks of old crop corn on September 1 were more than double that of a year ago. The U.S. corn crop was 48 % harvested on October 19 compared to 29% one year earlier.

◆**Soybeans.** The October 1997 forecast is 2.72 billion bushels, down slightly from the previous forecast, but 14 percent above the 1996 production. The market year average price is projected between \$5.75 and \$6.85 per bushel, compared with \$7.38 for last year's crop. Global oilseed production in 1997/98 is projected to be up 7%. U.S. old crop soybean stocks on September 1 were down 28% from one year earlier and are the lowest since 1976. Seventy six percent of the U.S. crop was harvested on October 19 compared with 59% one year earlier.

◆**Cotton.** Production is forecast at 18.4 million bales, down 8,000 bales from September and down 3 percent from 1996. This is the fourth largest crop on record. Increases in the Delta States were more than offset by declines in the southeastern States. Projected world production is up 1%, but global ending stocks are down 2% from 1996. U.S. ending stocks, at 4.2 million bales, are up slightly from last year. Forty percent of the crop was harvested on October 19, four points behind last year.

◆**Rice.** U.S. rice production is forecast at 179 million cwt, down 1 percent from September's forecast, but 5% above 1996's output. This is the fourth largest production on record. Harvest proceeds ahead of the 5-year average in California and Mississippi, but Texas and Arkansas lag slightly behind average. The market year average price is projected between \$9.00 and \$10.00 per cwt, compared to \$9.90 for last year.

◆**Other Crops (U.S.).** The October **grain sorghum** forecast of 664 million bushels is up 2 percent from last month, but 17% below the 1996 total. **Sunflower** production is expected to total 3.75 billion pounds, up 4% from 1996, but 7% below two years ago. **Peanut** production is forecast at 3.51 billion pounds, down 4% from both the previous month's forecast and from 1996's output. The October **pecan** production is forecast at 275 million pounds (in-shell basis), 6% below September, but 24% above last year's crop. **All hay** production is up 2% from last year, and **All tobacco** production is forecast at 1.65 billion pounds, up 9 percent from 1996. The initial **orange** forecast for the 1997/98 crop is a record high 14.3 million tons, up 12% from the previous record of 12.8 million tons set last year.

◆**Cattle.** October 1 **cattle on feed** in U.S. feedlots with capacity of 1,000 or more totaled 9.96 million head, up 13% from a year earlier. Cow/calf operators continue to divert heifers to feedlots rather than into the cow herd. Heifer inventories on feed were up 20% from a year ago and steer inventories were 9% higher. Placements were up 2% for the month, but since there was one more weekday this September than last year, average daily placements were actually lower than a year ago for the first time since December 1996. Marketings were 15% higher. At mid-October, **prices** for choice steers (Nebraska direct, 1100-1300 pounds) were down slightly from a month earlier, averaging \$65-66 per cwt. Fed cattle price should improve during the 4th quarter of 1997 and average in the low \$70's per cwt over the first half of 1998 as the current large supplies of cattle on feed work through the market. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) averaged \$77-78 per cwt in mid-October, also down slightly from September. Boxed beef prices fell to near \$103 per cwt in October after peaking near \$107 in mid-September, but are still well above summer lows. Retail beef prices remain favorable and retailers continue to feature beef prominently.

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◆**Hogs.** Hog producers increased their herds given relatively higher prices prior to September 1 and prospects for lower feed costs in 1998. The September 1 inventory of **hogs and pigs** totaled 60.3 million head, up 4% from a year earlier. The inventory of breeding hogs was up 3% and market inventory was 4% higher. Increased farrowings during June-August and higher intentions for September-February point to 8-9% higher pork supplies during the first half of 1998. As of August 31, frozen pork and ham stocks were up from a year ago, dampening the seasonal price rise usually seen as demand for holiday hams increases. Higher supplies, strong competition from beef and poultry, and lower-than-expected export demand will likely cause prices to average in the mid to high \$40's per cwt during much of 1998. At mid-October, Iowa-Southern Minnesota direct hog prices were near this level and down about \$1 from last month.

◆**Other Livestock.** September **milk production** in the 20 major producing States was up 3% from the previous year. Increased production per cow more than offset the continuing decline in milk cow numbers. For the July-September quarter, U.S. milk production was 4% higher than a year ago. Production for 1998 is expected to be up slightly from 1997 and **farm prices** average \$12.75 to \$13.65 per cwt compared with about \$13.30 for 1997. The September **Basic Formula Price (BFP)** was \$12.79 per cwt, up from \$12.07 for August. **Cheddar cheese prices** (40-pound blocks) have been relatively stable at slightly more than \$1.38 per pound. Cheese prices in October compared with a month earlier indicate there could be a small increase in the October BFP. During August, **cheese** production was up 2% from the previous year, **butter** production down 4%, and **nonfat dry milk** up 48%. **Sheep and lambs** estimates for July 1 are: breeding sheep down 6% and market lambs down slightly. The number of **layers** in U.S. flocks on hand Oct. 1 was 2% above a year earlier with table egg layers up 1%, broiler-type hatching up 8%, and egg-type hatching up 2%. U.S. **egg production** for 1997 is expected to be up about 1-2%. Market **egg prices** for 1997 are still expected to strengthen in the 4th quarter, but average 8 cents below a year ago. For the week ending October 11, cumulative **broiler placements** for 1997 in the 15 selected states were 3% above a year earlier and **broiler production** is expected to be up about 4% for the year. **Broiler prices** (12 City) for the 3rd quarter averaged 62 cents per pound and are expected to average 58 cents in the 4th quarter. **Turkey** production in 1997 is still expected to be near last year's level and prices strengthening with 4th quarter farm prices averaging 1 cent above last year's level. **Supplies in refrigerated warehouses** the end of September compared with a year earlier were: frozen poultry up 1%, pork bellies down 12%, cheese up 7%, red meat up 7%, and frozen orange juice up 34%.

◆**Trade.** The value of **U.S. Ag. Exports** for fiscal 1998 is projected to total \$58.5 billion, up \$2 billion from the 1997 forecast. October projections for the volumes of **exports** for the 1997 marketing years: **wheat** up 7%, **corn** up 13%, **soybeans** up 9%, **rice** up 11%, and **cotton** up slightly. For calendar 1997, **beef** exports are expected to be up 2%, **pork** up 12%, **broilers** up 5%, **turkeys** up 25%, and total **red meat and poultry** up 7%.

◆**Prices.** The rate of **inflation**, as monitored by the **CPI** for all urban consumers, increased 0.2% in September and rose 2.2% over the last 12 months. The **PPI** increased 0.5% in September, the second monthly rise after 7 monthly decreases, and was up 0.1% over the last 12 months. The September **prime rate**, at 8.5%, was unchanged since April and compares with 8.25% a year earlier. Compared to a year earlier, **feed** prices in September were down 13%, **feeder livestock and poultry** prices up 20%, **fertilizer** down 3%, **ag chemicals** up 2%, **farm machinery** up 1%, **seeds** up 3%, and **fuels** down 1%. Average **farm real estate** values rose 6% from Jan. 1996 to 1997, averaging a new high of \$942 per acre. U.S. **cash cropland rents** were up mostly 3-8% in the U.S. Heartland in 1997.

◆**World Weather** (October 21). Rain continued to slow harvest of summer crops in Europe and the Former Soviet Union but aided winter wheat establishment. In Australia, wheat and barley harvest are underway in northern areas. Rains improved corn planting prospects in So. Africa. Wet weather boosted moisture reserves in South America, but slowed plantings of corn and soybeans and winter wheat harvesting. In the **U.S.**, ideal weather conditions in the central and eastern Corn Belt pushed harvest ahead of normal. Heavy rains in the central Great Plains slowed row-crop harvest, but aided winter wheat.

◆**Other News** The 16th sign-up period for the **Conservation Reserve Program (CRP)** is October 14 - November 14, 1997. Bids for entry into the CRP will be based on: soil erosion, wildlife habitat, water quality, air quality, enduring benefits, priority areas, and cost. **Ag Trade Markets and Issues (ERS).** "**Fast track authority**" would allow the President to submit a trade agreement to Congress for approval under special, expedited procedures. Likely focus of the authority could be on broad World Trade Organizations (WTO) issues and possibly extend to regional trade agreements. The Baltic countries and 10 of the 12 new Soviet States have begun the application process to the WTO, which could benefit **U.S. exports**, especially livestock. The economies of Southeast Asia have been among the world's fastest-growing in the 1990's and with more than \$3 billion in imports from the U.S. last year, hold great long-term **potential for U.S. exports** of grains, soybeans and apples.

The next newsletter will be issued on Nov. 21, 1997.

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